

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

**FINANCIAL STATEMENT EXAMINATION REPORT
OF**

**INDIANA BOARD OF PHARMACY'S
PRESCRIPTION MONITORING PROGRAM**

**Administered By:
INDIANA PROFESSIONAL LICENSING AGENCY**

January 1, 2013 to September 30, 2015



FILED
12/18/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis	7
Notes to Financial Statement	8-9
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and	
Investment Balances - Regulatory Basis	11-13
Other Reports.....	14

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	
Executive Director, Indiana Professional Licensing Agency	Frances Kelly	01-01-13 to 01-11-13
	(Vacant)	01-12-13 to 01-13-13
	Virgil Madden	01-14-13 to 06-14-13
	(Vacant)	06-15-13 to 06-16-13
	Nicholas Rhoad	06-17-13 to 08-31-15
	(Vacant)	09-01-15 to 09-02-15
	Deborah Frye (Interim)	09-03-15 to 09-15-15
	Deborah Frye	09-16-15 to present
President of the Board of Pharmacy	Dell T. Fanning, R.Ph.	01-01-13 to 02-10-13
	Sara St. Angelo, R.Ph.	02-11-13 to 02-09-14
	Steven Anderson, R.Ph.	02-10-14 to 02-08-15
	William J. Cover, R.Ph.	02-09-15 to present
Board Director, Indiana Board of Pharmacy	Gregory Pachmayr	01-01-13 to 06-10-14
	(Vacant)	06-11-14 to 06-22-14
	Robert (Rob) Kendall	06-23-14 to 03-06-15
	(Vacant)	03-07-15 to 05-10-15
	Ted Cotterill	05-11-15 to present
Director, INSPECT	Marty Allain (Co-Director)	01-01-13 to 05-10-13
	Lisa Bentley (Co-Director)	01-01-13 to 05-01-13
	(Vacant)	05-11-13 to 10-06-13
	Holly Walpole	10-07-13 to 07-15-15
	(Vacant)	07-16-15 to 10-25-15
	Michael Brady	10-26-15 to present
Controller	Maureen Bennett	01-01-13 to present



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513

Fax: (317) 232-4711

Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA PROFESSIONAL LICENSING
AGENCY AND THE INDIANA BOARD OF PHARMACY

We have examined the accompanying financial statement of the Indiana Board of Pharmacy's Prescription Monitoring Program (INSPECT), administered by the Indiana Professional Licensing Agency (PLA), for the period of January 1, 2013 to September 30, 2015. The financial statement is the responsibility of the PLA management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, PLA prepared the financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the INSPECT for the period of January 1, 2013 to September 30, 2015.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the INSPECT for the period of January 1, 2013 to September 30, 2015, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the INSPECT's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

December 9, 2015

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were prepared by management of PLA.

(This page intentionally left blank.)

INDIANA BOARD OF PHARMACY'S PRESCRIPTION MONITORING PROGRAM
ADMINISTERED BY INDIANA PROFESSIONAL LICENSING AGENCY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Period January 1, 2013 to September 30, 2015

Fund	Cash and Investments 1-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 09-30-15
Controlled Substances Data Fund (45290)	\$ 445,382	\$ 1,392,711	\$ 245,037	\$ 1,593,056	\$ 730,670	\$ 445,696	\$ 1,878,030	\$ 1,036,995	\$ 417,043	\$ 2,497,982
Harold Rogers 2012 (61395)	637,645	235,177	353,613	519,209	269,179	419,648	368,740	88,433	247,884	209,289
SAMHSA (61390)	<u>312,753</u>	<u>2,487</u>	<u>4,003</u>	<u>311,237</u>	<u>242,021</u>	<u>316,302</u>	<u>236,956</u>	<u>167,663</u>	<u>190,992</u>	<u>213,627</u>
Totals	<u>\$ 1,395,780</u>	<u>\$ 1,630,375</u>	<u>\$ 602,653</u>	<u>\$ 2,423,502</u>	<u>\$ 1,241,870</u>	<u>\$ 1,181,646</u>	<u>\$ 2,483,726</u>	<u>\$ 1,293,091</u>	<u>\$ 855,919</u>	<u>\$ 2,920,898</u>

The notes to the financial statement are an integral part of this statement.

INDIANA BOARD OF PHARMACY'S PRESCRIPTION MONITORING PROGRAM
ADMINISTERED BY INDIANA PROFESSIONAL LICENSING AGENCY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Professional Licensing Agency (PLA) is an umbrella agency for 35 Boards, Committees, and Commissions. We license professions as set in statute by the Indiana General Assembly. The governor appoints members of the oversight Boards, Committees, and Commissions and our staff navigates the details and provides customer support to license almost half a million working Hoosiers. There are eight (8) Board Groups which consist of one (1) to six (6) boards, committees or commissions. Each group has a Board Director and an Assistant Board Director and varying number of Customer Service Representatives (CSR) that serve as the administrative arm for the various Boards, Committees, and Commissions. Serving all Boards, Committees, and Commissions are our Executive, Operational, Legal, and IT staff.

All revenue received on behalf of all of our Boards, Committees, and Commissions is deposited daily with the Treasurer of State. New applications or renewal applications are received in the agency and are entered into our licensing database, MLO (MyLicenseOffice). The accompanying fees are entered and the daily Report of Collections is generated. Deposits are entered into ENCOMPASS and the deposits are hand carried to the Treasurer of State's Office. The CSR review applications and renewals for completeness and correspond with the practitioner if any items are missing. Any disciplinary action is heard by the Boards, Committees, and Commissions at their regularly scheduled meetings.

One of the Boards under the purview of the PLA is the Indiana Board of Pharmacy and the INSPECT program. The INSPECT program was designed to serve as a tool to address the problem of prescription drug abuse and diversion in Indiana. By compiling controlled substance information into an online database, the INSPECT performs two critical functions: 1) Maintain a clearinghouse of patient information for health care professionals and 2) Provide an important investigative tool for law enforcement. The INSPECT seeks to enhance the ability of prescribers such as physicians, advanced practice nurses, physician assistants, and dispensers as they perform critical public health functions. The program does this while maintaining the security of Hoosiers' important prescription information. An INSPECT report summarizes the controlled substances a patient has been prescribed, the practitioner who prescribed them and the dispensing pharmacy where the patient obtained them.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

INDIANA BOARD OF PHARMACY'S PRESCRIPTION MONITORING PROGRAM
ADMINISTERED BY INDIANA PROFESSIONAL LICENSING AGENCY
NOTES TO FINANCIAL STATEMENT
(Continued)

C. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

D. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

(This page intentionally left blank.)

INDIANA BOARD OF PHARMACY'S PRESCRIPTION MONITORING PROGRAM
ADMINISTERED BY INDIANA PROFESSIONAL LICENSING AGENCY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Period January 1, 2013 to December 31, 2013

	Controlled Substance Date Fund (45290)	Harold Rogers (61395)	SAMHSA (61390)	Totals
Cash and investments - beginning	\$ 445,382	\$ 637,645	\$ 312,753	\$ 1,395,780
Receipts:				
Licenses and permits	1,392,711	-	-	1,392,711
Other receipts	-	235,177	2,487	237,664
Total receipts	1,392,711	235,177	2,487	1,630,375
Disbursements:				
Personal services (salary & fringe)	135,599	61,520	-	197,119
Supplies, Printing, Div Officer fuel	188	699	-	887
Other services and charges	109,250	56,061	2,682	167,993
Other disbursements	-	235,333	1,321	236,654
Total disbursements	245,037	353,613	4,003	602,653
Excess (deficiency) of receipts over disbursements	1,147,674	(118,436)	(1,516)	1,027,722
Cash and investments - ending	\$ 1,593,056	\$ 519,209	\$ 311,237	\$ 2,423,502

INDIANA BOARD OF PHARMACY'S PRESCRIPTION MONITORING PROGRAM
ADMINISTERED BY INDIANA PROFESSIONAL LICENSING AGENCY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Period January 1, 2014 to December 31, 2014

	Controlled Substance Date Fund (45290)	Harold Rogers (61395)	SAMHSA (61390)	Totals
Cash and investments - beginning	\$ 1,593,056	\$ 519,209	\$ 311,237	\$ 2,423,502
Receipts:				
Licenses and permits	730,670	-	-	730,670
Other receipts	-	269,179	242,021	511,200
Total receipts	730,670	269,179	242,021	1,241,870
Disbursements:				
Personal services (salary & fringe)	325,949	25,513	-	351,462
Supplies, Printing, Div Officer fuel	5,198	-	-	5,198
Other services and charges	114,549	52,417	72,039	239,005
Other disbursements	-	341,718	244,263	585,981
Total disbursements	445,696	419,648	316,302	1,181,646
Excess (deficiency) of receipts over disbursements	284,974	(150,469)	(74,281)	60,224
Cash and investments - ending	\$ 1,878,030	\$ 368,740	\$ 236,956	\$ 2,483,726

INDIANA BOARD OF PHARMACY'S PRESCRIPTION MONITORING PROGRAM
ADMINISTERED BY INDIANA PROFESSIONAL LICENSING AGENCY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Period January 1, 2015 to September 30, 2015

	Controlled Substance Date Fund (45290)	Harold Rogers (61395)	SAMHSA (61390)	Totals
Cash and investments - beginning	\$ 1,878,030	\$ 368,740	\$ 236,956	\$ 2,483,726
Receipts:				
Licenses and permits	1,036,995	-	-	1,036,995
Other receipts	-	88,433	167,663	256,096
Total receipts	1,036,995	88,433	167,663	1,293,091
Disbursements:				
Personal services (salary & fringe)	201,434	21,858	-	223,292
Supplies, Printing, Div Officer fuel	2,632	627	-	3,259
Other services and charges	154,893	84,257	1,883	241,033
Other disbursements	58,084	141,142	189,109	388,335
Total disbursements	417,043	247,884	190,992	855,919
Excess (deficiency) of receipts over disbursements	619,952	(159,451)	(23,329)	437,172
Cash and investments - ending	\$ 2,497,982	\$ 209,289	\$ 213,627	\$ 2,920,898

OTHER REPORTS

The funds presented in this report are also included in the State of Indiana Certified Annual Financial Reports (CAFR), which includes financial statements presented in accordance with accounting principles generally accepted in the United States of America. The financial statement included in this report is presented on the regulatory basis of accounting. The CAFR is presented for the State of Indiana's fiscal period, which runs from July 1 to June 30, and includes all funds and component units of the State of Indiana. CAFR reports for the fiscal years ended June 30, 2013 and 2014, can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>. The CAFR reports for the fiscal years ending June 30, 2015, and June 30, 2016, have not yet been completed. The CAFR reports are required to be filed by December 31, 2015, and December 31, 2016, respectively, and will be available on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/> after that time.